

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name		County
Fiscal Year End	Opinion Date		Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature <i>Hennrich A. Berthiaume</i>	Printed Name		License Number	

SWAN CREEK TOWNSHIP
Saginaw County, Michigan

FINANCIAL STATEMENTS
March 31, 2008

SWAN CREEK TOWNSHIP

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INDEPENDENT AUDITORS' REPORT

To the Township Board
Swan Creek Township
Saginaw County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Swan Creek Township, as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Swan Creek Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Swan Creek Township, as of March 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The budgetary comparison schedules as identified in the table of contents are not a required part of the basic financial statements but are supplemental information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Swan Creek Township's basic financial statements. The accompanying other supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Township has not presented a Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not a required part of, the financial statements.

Berthiaume & Co.

June 6, 2008

BASIC FINANCIAL STATEMENTS

SWAN CREEK TOWNSHIP

STATEMENT OF NET ASSETS

March 31, 2008

	<i><u>Governmental</u></i> <i><u>Activities</u></i>	<i><u>Business-type</u></i> <i><u>Activities</u></i>	<i><u>Total</u></i>
Assets:			
Cash and cash equivalents	\$ 679,750	\$ 551,853	\$ 1,231,603
Investments	315,297	312,185	627,482
Receivables	44,258	68,428	112,686
Inventory	-	13,282	13,282
Prepaid expenses	7,660	-	7,660
Restricted cash and cash equivalents	-	44,201	44,201
Capital assets:			
Nondepreciable capital assets	121,322	-	121,322
Depreciable capital assets, net	242,498	2,644,472	2,886,970
Other	<u>-</u>	<u>35,631</u>	<u>35,631</u>
Total assets	<u>1,410,785</u>	<u>3,670,052</u>	<u>5,080,837</u>
Liabilities:			
Accounts payable and accrued expenses	108,938	14,646	123,584
Long-term liabilities:			
Due within one year	-	20,000	20,000
Due in more than one year	<u>-</u>	<u>60,000</u>	<u>60,000</u>
Total liabilities	<u>108,938</u>	<u>94,646</u>	<u>203,584</u>
Net assets:			
Invested in capital assets, net of related debt	363,820	2,564,472	2,928,292
Restricted for:			
Debt service	-	44,201	44,201
Unrestricted	<u>938,027</u>	<u>966,733</u>	<u>1,904,760</u>
Total net assets	<u>\$ 1,301,847</u>	<u>\$ 3,575,406</u>	<u>\$ 4,877,253</u>

The accompanying notes are an integral part of these financial statements.

SWAN CREEK TOWNSHIP

STATEMENT OF ACTIVITIES

Year Ended March 31, 2008

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue</u>
Functions/Programs					
PRIMARY GOVERNMENT:					
<i>Governmental activities:</i>					
General government	\$ 221,358	\$ 42,212	\$ 3,692	\$ -	\$ (175,454)
Public safety	143,150	13,956	1,128	-	(128,066)
Public works	163,462	62,010	4,145	-	(97,307)
Community and economic development	4,736	3,455	-	-	(1,281)
Recreation and culture	<u>27,226</u>	<u>750</u>	<u>-</u>	<u>-</u>	<u>(26,476)</u>
Total governmental activities	<u>559,932</u>	<u>122,383</u>	<u>8,965</u>	<u>-</u>	<u>(428,584)</u>
<i>Business-type activities:</i>					
Water	<u>271,893</u>	<u>288,866</u>	<u>-</u>	<u>21,300</u>	<u>38,273</u>
Total business-type activities	<u>271,893</u>	<u>288,866</u>	<u>-</u>	<u>21,300</u>	<u>38,273</u>
Total primary government	<u>\$ 831,825</u>	<u>\$ 411,249</u>	<u>\$ 8,965</u>	<u>\$ 21,300</u>	<u>\$ (390,311)</u>

The accompanying notes are an integral part of these financial statements.

	<i><u>Governmental Activities</u></i>	<i><u>Business-type Activities</u></i>	<i><u>Total</u></i>
<i>Changes in net assets:</i>			
Net (Expense) Revenue	\$ (428,584)	\$ 38,273	\$ (390,311)
General revenues:			
Taxes:			
Property taxes, levied for general purpose	79,059	-	79,059
Property taxes, levied for fire protection	117,168	-	117,168
Payment in lieu of property taxes	40	-	40
Franchise taxes	19,956	-	19,956
Grants and contributions not restricted to specific programs	161,912	-	161,912
Unrestricted investment earnings	<u>46,161</u>	<u>47,239</u>	<u>93,400</u>
Total general revenues, contributions and special items	<u>424,296</u>	<u>47,239</u>	<u>471,535</u>
Change in net assets	(4,288)	85,512	81,224
Net assets, beginning of year	<u>1,306,135</u>	<u>3,489,894</u>	<u>4,796,029</u>
Net assets, end of year	<u>\$ 1,301,847</u>	<u>\$ 3,575,406</u>	<u>\$ 4,877,253</u>

SWAN CREEK TOWNSHIP

GOVERNMENTAL FUNDS

BALANCE SHEET

March 31, 2008

	<i>General Fund</i>	<i>Refuse Fund</i>	<i>Total Governmental Funds</i>
Assets:			
Cash and cash equivalents	\$ 520,628	\$ 159,122	\$ 679,750
Investments	315,297	-	315,297
Taxes receivable	12,927	-	12,927
Accounts receivable	-	4,225	4,225
Accrued interest receivable	1,106	558	1,664
Due from other governmental units	25,442	-	25,442
Prepaid expenditures	-	7,660	7,660
Total assets	<u>\$ 875,400</u>	<u>\$ 171,565</u>	<u>\$ 1,046,965</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 1,968	\$ 13,158	\$ 15,126
Accrued expenses	11,263	-	11,263
Due to other governmental units	7,506	-	7,506
Deposits payable	<u>75,043</u>	<u>-</u>	<u>75,043</u>
Total liabilities	<u>95,780</u>	<u>13,158</u>	<u>108,938</u>
Fund balances:			
Reserved for:			
Prepaid expenditures	-	7,660	7,660
Unreserved:			
General fund	779,620	-	779,620
Special revenue funds	<u>-</u>	<u>150,747</u>	<u>150,747</u>
Total fund balances	<u>779,620</u>	<u>158,407</u>	<u>938,027</u>
Total liabilities and fund balances	<u>\$ 875,400</u>	<u>\$ 171,565</u>	<u>\$ 1,046,965</u>

The accompanying notes are an integral part of these financial statements.

SWAN CREEK TOWNSHIP

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES

March 31, 2008

Total fund balances for governmental funds \$ 938,027

Total net assets reported for governmental activities in the statement of
of net assets is different because:

Capital assets used in governmental activities are not financial resources
and therefore are not reported in the governmental funds.

Governmental capital assets	427,284	
Less accumulated depreciation	<u>(63,464)</u>	<u>363,820</u>

Net assets of governmental activities \$ 1,301,847

The accompanying notes are an integral part of these financial statements.

SWAN CREEK TOWNSHIP

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Year Ended March 31, 2008

	<i>General Fund</i>	<i>Refuse Fund</i>	<i>Total Governmental Funds</i>
Revenues:			
Property taxes	\$ 218,734	\$ -	\$ 218,734
Licenses and permits	35,921	-	35,921
State grants	170,788	-	170,788
Contributions from other units	1,842	-	1,842
Charges for services	3,364	62,010	65,374
Fines and forfeits	36	-	36
Interest and rents	38,816	8,095	46,911
Other revenue	16,038	-	16,038
Total revenues	<u>485,539</u>	<u>70,105</u>	<u>555,644</u>
Expenditures:			
Current			
General government	213,531	-	213,531
Public safety	143,150	-	143,150
Public works	79,823	83,479	163,302
Community and economic development	4,736	-	4,736
Recreation and culture	23,690	-	23,690
Capital outlay	<u>112,686</u>	<u>-</u>	<u>112,686</u>
Total expenditures	<u>577,616</u>	<u>83,479</u>	<u>661,095</u>
Excess (deficiency) of revenues over expenditures	<u>(92,077)</u>	<u>(13,374)</u>	<u>(105,451)</u>
Other financing sources (uses):			
Transfers in	50,000	-	50,000
Transfers out	<u>-</u>	<u>(50,000)</u>	<u>(50,000)</u>
Total other financing sources (uses)	<u>50,000</u>	<u>(50,000)</u>	<u>-</u>
Net change in fund balances	(42,077)	(63,374)	(105,451)
Fund balances, beginning of year	<u>821,697</u>	<u>221,781</u>	<u>1,043,478</u>
Fund balances, end of year	<u>\$ 779,620</u>	<u>\$ 158,407</u>	<u>\$ 938,027</u>

The accompanying notes are an integral part of these financial statements.

SWAN CREEK TOWNSHIP

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

March 31, 2008

Net change in fund balances - total governmental funds \$ (105,451)

Total change in net assets reported for governmental activities in the statement
of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the
statement of activities, the cost of those assets is depreciated over their
estimated useful lives and reported as depreciation expense.

Capital outlay	112,468	
Less depreciation expense	<u>(11,305)</u>	<u>101,163</u>

Change in net assets of governmental activities \$ (4,288)

The accompanying notes are an integral part of these financial statements.

SWAN CREEK TOWNSHIP

PROPRIETARY FUND STATEMENT OF NET ASSETS

March 31, 2008

	<u>Major Enterprise Fund</u>
	<u>Water Fund</u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 551,853
Investments	312,185
Accounts receivable	27,907
Special assessments receivable	13,225
Accrued interest receivable	853
Inventory	13,282
Total current assets	<u>919,305</u>
Noncurrent assets:	
Restricted cash and cash equivalents	44,201
Special assessments receivable	26,443
Capital assets:	
Depreciable capital assets, net	2,644,472
Investment in Water Authority	<u>35,631</u>
Total noncurrent assets	<u>2,750,747</u>
Total assets	<u>3,670,052</u>
Liabilities:	
Current liabilities:	
Accounts payable	9,380
Accrued expenses	4,241
Deposits payable	1,025
Current long-term debt	<u>20,000</u>
Total current liabilities	<u>34,646</u>
Noncurrent liabilities:	
Long-term debt	<u>60,000</u>
Total noncurrent liabilities	<u>60,000</u>
Total liabilities	<u>94,646</u>
Net assets:	
Invested in capital assets, net of related debt	2,564,472
Restricted for:	
Debt service	44,201
Unrestricted	<u>966,733</u>
Total net assets	<u>\$ 3,575,406</u>

The accompanying notes are an integral part of these financial statements.

SWAN CREEK TOWNSHIP

PROPRIETARY FUND

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

Year Ended March 31, 2008

	<u>Major Enterprise Fund</u>
	<u>Water Fund</u>
Operating revenues:	
Charges for services	\$ 278,558
Penalties	3,808
Other	<u>6,500</u>
Total operating revenues	<u>288,866</u>
Operating expenses:	
Personnel	33,803
Fringe benefits	5,637
Supplies	5,730
Contracted services	35,391
Purchase of water	124,476
Mileage	33
Dues and membership fees	375
Education and training	125
Printing and publishing	128
Repairs and maintenance	4,711
Depreciation	<u>56,454</u>
Total operating expenses	<u>266,863</u>
Operating income (loss)	<u>22,003</u>
Non-operating revenues (expenses);	
Interest income	43,945
Interest income earned on special assessments	3,294
Capital contributions - Connection fees	21,300
Interest expense	<u>(5,030)</u>
Total non-operating revenues (expenses)	<u>63,509</u>
Net income (loss)	85,512
Net assets, beginning of year	<u>3,489,894</u>
Net assets, end of year	<u>\$ 3,575,406</u>

The accompanying notes are an integral part of these financial statements.

SWAN CREEK TOWNSHIP

PROPRIETARY FUND

STATEMENT OF CASH FLOWS

For the Year Ended March 31, 2008

	<u>Major Enterprise Fund</u>
	<u>Water Fund</u>
Cash flow from operating activities:	
Cash received from customers	\$ 288,295
Cash payments to employees	(33,803)
Cash payments to suppliers for goods and services	<u>(180,041)</u>
Net cash provided (used) by operating activities	<u>74,451</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(10,123)
Principal paid on capital debt	(20,000)
Interest paid on capital debt	(5,030)
Payments received on special assessments	14,487
Interest earned on special assessments	3,294
Payments received for water line connections	<u>21,300</u>
Net cash used by capital and related financing activities	<u>3,928</u>
Cash flows from investing activities:	
Interest received	43,945
Net expenditures for investments	<u>(26,986)</u>
Net cash provided by investing activities	<u>16,959</u>
Net increase (decrease) in cash and cash equivalents	95,338
Cash and cash equivalents, beginning of year	<u>500,716</u>
Cash and cash equivalents, end of year	<u>\$ 596,054</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 22,003
Adjustments:	
Depreciation	56,454
Change in assets and liabilities:	
Accounts receivable	(4,070)
Special assessments receivable	843
Accrued interest receivable	2,656
Inventory	(3,384)
Accounts payable and accrued expenses	24
Deposits payable	<u>(75)</u>
Net cash provided (used) by	
Net cash provided (used) by operating activities	<u>\$ 74,451</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

SWAN CREEK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Swan Creek Township conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

Reporting Entity:

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the Township. In evaluating the Township as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the Township may be financially accountable and, as such, should be included within the Township's financial statements. The Township (the primary government) has no component units and accordingly, the Township has not consolidated any entities into its financial statements.

JOINT OPERATIONS:

St. Charles District Library - The Townships of Swan Creek, Brant, and St. Charles jointly established the St. Charles District Library in 1978. Each township appoints two members to serve as Library trustees.

Tri-Township Fire Department - The Townships of Swan Creek, Brant, and St. Charles jointly established the Tri-Township Fire Department. Each member appoints two representatives to serve on the administrative board of the Fire Department.

Swan Creek Township, James Township, and Village of St. Charles Water Authority - The Townships of Swan Creek and James and the Village of St. Charles in 2001 jointly established this Water Authority. Each of the three municipalities appoints two members to serve on the Water Authority Board. The operating and capital budgets are funded by equal contributions from each governmental unit. Each unit's share of assets, liabilities, and fund equity is thirty-three and a third percent.

Mid-Michigan Waste Management Authority - The Township is a member of, and receives trash collection services from, the Mid-Michigan Waste Management Authority. The Authority was created in 1991 by twelve municipal corporations within Saginaw County under the provisions of Act 233, Public Acts of Michigan, 1995 as amended, for the purpose of acquiring, owning, improving, enlarging, extending and operating a solid waste management system.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

SWAN CREEK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2008

Government-wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the primary government and its component units. These statements distinguish between activities that are governmental and those that are business-type activities. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses.

The statement of net assets presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net assets are reported in three parts (1) invested in capital assets, net of related debt, (2) restricted net assets, and (3) unrestricted net assets. The Township first utilizes restricted resources to finance qualifying activities.

The statement of activities reports both the gross and net cost of each of the Township's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The Township does not allocate indirect costs. In creating the government-wide financial statements the Township has eliminated interfund transactions.

The government-wide focus is on the sustainability of the Township as an entity and the change in the Township's net assets resulting from current year activities.

Fund Financial Statements:

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

SWAN CREEK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2008

Property taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

Fiduciary funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Fiduciary funds are accounted for on a spending or economic resources measurement focus and the accrual basis of accounting as are the proprietary funds.

The Township reports the following major governmental funds:

The **General Fund** is the primary operating fund of the Township. It is used to account for all financial resources, except for those required to be accounted for in another fund.

The **Refuse Fund** is used to account for the revenues collected to provide refuse service to property owners.

The Township reports the following major enterprise fund:

The **Water Fund** is used to account for the revenues and expenses for the operation of a water system.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector guidance.

Assets, Liabilities and Equity:

Deposits and Investments – Cash and cash equivalents include cash on hand, demand deposits, certificates of deposit and short term investments with a maturity of three months or less when acquired. Investments, if any, are stated at fair value. For purposes of the statement of cash flows, the Township considers all highly liquid investments (including restricted assets) and all local government investment pools to be cash equivalents.

SWAN CREEK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2008

Interfund Receivables and Payables – Generally, outstanding amounts owed between funds are classified as “due from/to other funds”. These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

Inventories and Prepaid Items – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The Township defines capital assets as assets with an initial individual cost in excess of \$1,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. Public domain (infrastructure) assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the government) are capitalized if acquired after April 1, 2004. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20-50 years
Distribution system	15-50 years
Equipment	5-25 years
Furniture and equipment	5-25 years
Site improvements	15-25 years
Vehicles	10-25 years

Compensated Absences – The Township does not allow the carryover of unused sick or vacation days.

Long-term Obligations – In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

SWAN CREEK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2008

Eliminations and Reclassifications:

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Property Taxes:

Township property taxes are attached as an enforceable lien on property as of July 1 for the summer levy and December 1 for the winter levy. Taxes levied July 1 and December 1 are due without penalty on or before September 14 and February 14, respectively. These tax bills include the Township's own property taxes and taxes billed on behalf of the school districts within the Township boundaries and Saginaw County.

The 2007 taxable valuation of the Township totaled \$82,794,403 on which ad valorem taxes levied consisted of .9226 mills for the Township's operating purposes and 1.50 mills for fire protection services.

The delinquent real property taxes of the Township are purchased by Saginaw County. The delinquent real property taxes are received soon enough after year end to be recorded as revenue in the current year.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information:

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Township Clerk submits to the Township Board a proposed operating budget by fund for each year. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to April 1, the budget is legally enacted by adoption of the Township Board.
4. Any revision that alters the total expenditures of any fund must be approved by the Township.
5. Formal budgetary integration is employed as a management control device during the year for all funds.
6. Governmental fund budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. A comparison of actual results of operations to the General Fund budget as originally adopted and amended by the Township Board is included in the required supplemental information.
7. All annual appropriations lapse at fiscal year end.

SWAN CREEK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2008

Excess of Expenditures over Appropriations in Budgeted Funds:

During the year, the Township did not incur expenditures that were materially in excess of the amounts budgeted.

State Construction Code Act:

The Township oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Township charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus generated since January 1, 2000 is as follows:

Cumulative surplus at April 1, 2007	\$ -
Current year building permit revenue	13,920
Related expenditures:	
Direct costs	(24,641)
Indirect costs	-
Cumulative surplus at March 31, 2008	<u>\$ -</u>

NOTE 3: DEPOSITS AND INVESTMENTS

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency of instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The investment policy adopted by the Township Board is in accordance with Public Act 196 of 1997. The Township's deposits and investments have been made in accordance with statutory authority.

The Township's deposits are subject to several types of risk, which are presented in more detail as follows:

Custodial Credit Risk of Bank Deposits:

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to them. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$1,282,436 of deposits (certificates of deposit, checking, and savings accounts), of which \$329,029 was covered by federal depository insurance and the remainder was uninsured and uncollateralized.

SWAN CREEK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2008

Custodial Credit Risk of Investments:

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township does not have a policy for custodial risk. At year end, the following investment securities were uninsured and unregistered, with securities held by the counterparty or by its trust department or an agent in the Township's name:

<u>Investment</u>	<u>Carrying Value</u>	<u>How Held</u>
Treasury and Agency Mutual Fund	\$ 627,482	Counterparty

Interest Rate Risk:

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a maximum 270 day maturity. At year end, the Township did not have any investments subject to interest rate risk.

Credit Risk:

As of year end, the credit quality ratings of debt securities are as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Treasury and Agency Mutual Fund	\$ 627,482	AAA	S&P

Concentration of Credit Risk:

The Township places limits on the amount the Township may invest in any one issuer. At March 31, 2008, there were no investments in any one issuer (other than the U.S. government agencies and mutual funds) that exceeded more than 5 percent of total investments.

NOTE 4: RESTRICTED CASH AND RESERVE FOR DEBT SERVICE

The Water Fund has \$44,201 of restricted cash in the water extension debt service accounts.

SWAN CREEK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2008

NOTE 5: CAPITAL ASSETS

Primary Government capital asset activity for the year ended March 31, 2008 was as follows:

	<i><u>Beginning Balance</u></i>	<i><u>Additions</u></i>	<i><u>Retirements</u></i>	<i><u>Ending Balance</u></i>
Governmental activities:				
Nondepreciable capital assets:				
Land	\$ 121,322	\$ -	\$ -	\$ 121,322
Depreciable capital assets:				
Buildings and improvements	125,758	104,877	-	230,635
Equipment	53,051	7,591	-	60,642
Site Improvements	14,685	-	-	14,685
Total depreciable capital assets	193,494	112,468	-	305,962
Accumulated depreciation	(52,159)	(11,305)	-	(63,464)
Depreciable capital assets, net	141,335	101,163	-	242,498
Governmental activities, capital assets, net	<u>\$ 262,657</u>	<u>\$ 101,163</u>	<u>\$ -</u>	<u>\$ 363,820</u>
Business-type activities:				
Depreciable capital assets				
Buildings and improvements	7,700	-	-	7,700
Equipment	43,748	-	-	43,748
Distribution system	3,489,697	10,123	-	3,499,820
Total capital depreciable assets	3,541,145	10,123	-	3,551,268
Accumulated depreciation	(850,342)	(56,454)	-	(906,796)
Depreciable capital assets, net	2,690,803	(46,331)	-	2,644,472
Business-type activities, capital asseets, net	<u>\$ 2,690,803</u>	<u>\$ (46,331)</u>	<u>\$ -</u>	<u>\$ 2,644,472</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 7,609
Public works	160
Recreation and culture	3,536
Total governmental activities	<u>\$ 11,305</u>
Business-type activities:	
Water	<u>\$ 56,454</u>
Total business-type activities	<u>\$ 56,454</u>

SWAN CREEK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2008

NOTE 6: LONG-TERM LIABILITIES

The Township has installment contracts with Saginaw County that were used to finance water line construction. Installment contracts are general obligations, which are direct obligations of the government and pledge the full faith and credit of the Township.

Long-term liabilities at March 31, 2008 consisted of the following:

<u>Types of Indebtedness</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Remaining Balance at Year-end</u>
<u>Business-type Activities</u>					
<u>Contracts Payable:</u>					
1996 Issue - Water extension # 15	6/1/06-6/1/11	5.20-5.75%	20,000	280,000	80,000

The following is a summary of long-term liabilities transactions for the year ended March 31, 2008:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Contract Payable:					
1996 Issue - Water extension # 15	\$ 100,000	\$ -	\$ (20,000)	\$ 80,000	\$ 20,000
Total business-type activities					
- long-term liabilities	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ (20,000)</u>	<u>\$ 80,000</u>	<u>\$ 20,000</u>

Annual debt service requirements to maturity for the above contractual obligations are as follows:

<u>Year Ended</u> <u>March 31,</u>	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 20,000	\$ 3,960	\$ 23,960
2010	20,000	2,850	22,850
2011	20,000	1,720	21,720
2012	<u>20,000</u>	<u>575</u>	<u>20,575</u>
	<u>\$ 80,000</u>	<u>\$ 9,105</u>	<u>\$ 89,105</u>

SWAN CREEK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2008

NOTE 7: DISAGGREGATED RECEIVABLE AND PAYABLE BALANCES

Receivables and payables as of year end for the Township's governmental and business-type activities in the aggregate are as follows:

	<i><u>Governmental Activities</u></i>	<i><u>Business-type Activities</u></i>
Receivables:		
Taxes	\$ 12,927	\$ -
Special assessments		
Due within one year	-	13,225
Due in more than one year	-	26,443
Interest	1,664	853
Accounts	4,225	27,907
Intergovernmental	<u>25,442</u>	<u>-</u>
 Total receivables	 <u>\$ 44,258</u>	 <u>\$ 68,428</u>
 Accounts payable and accrued expenses:		
Accounts	\$ 15,126	\$ 9,380
Payroll and related liabilities	11,263	2,738
Interest	-	1,503
Deposits payable	75,043	1,025
Intergovernmental	<u>7,506</u>	<u>-</u>
 Total accounts payable and accrued expenses	 <u>\$ 108,938</u>	 <u>\$ 14,646</u>

NOTE 8: RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, employee injuries (workers' compensation), and natural disasters.

The Township manages its workers compensation risk by purchasing commercial insurance and its liability and property risk by participating in the Michigan Township Participating Plan a public entity risk pool providing property and liability coverage to its participating members. The Township pays an annual premium for its workers compensation, property and liability insurance coverage. The Michigan Township Participating Plan is self-sustaining through member premiums. The Michigan Township Participating Plan provides, subject to certain deductibles, occurrence-based casualty coverage for each incident and occurrence-based property coverage to its members by internally assuring certain risks and reinsuring risks through commercial companies. Various deductibles are maintained to place the responsibility for small charges with the insured. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

SWAN CREEK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2008

NOTE 9: EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

1. Michigan Municipal Employees Retirement System

a) Plan Description

The Township contributes to the Michigan Municipal Employees' Retirement System, an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for governmental units in the State of Michigan. The system provides the following provisions: normal retirement, deferred retirement, service retirement allowance, disability retirement allowance, non duty-connected death and postretirement adjustments to plan members and their beneficiaries.

All employees earning more than \$5,000 in compensation with more than three months continuous service are eligible to participate in the plan. Benefits vest after 8 years of service. The service requirement is computed using credited service at the time of termination of membership multiplied by the sum of 2.0 percent times the final average compensation (FAC). The most recent period of which actuarial data was available was for the fiscal year ended December 31, 2007.

MERS was organized pursuant to Section 12a of Act #156, Public Acts of 1851 [MSA 5.333(a); MCLA 46.12 (a)], as amended, State of Michigan. MERS is regulated under Act No. 220 of the Public Acts of 1996, as amended, sections of which have been approved by the State Pension Commission. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the MERS at 1134 Municipal Way, Lansing, Michigan 48917.

b) Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Township board and personnel policy, which requires employees to contribute at a rate of 5% of gross pay. The Township is required to contribute at an actuarially determined rate; the current rate was 11.24 percent of eligible payroll based on the December 31, 2005 valuation.

c) Annual Pension Cost

During the fiscal year ended March 31, 2008, the Township's contributions totaling \$15,697 were made in accordance with contribution requirement determined by an actuarial valuation of the plan as of December 31, 2005. The employer contribution rate has been determined based on the entry age normal funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to amortize the unfunded actuarial accrued liability over 30 years. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his projected benefit. Significant actuarial assumptions used include a long-term investment yield rate of 8 percent and annual salary increases of 4.5 percent based on an age-related scale to reflect merit, longevity, and promotional salary increases.

SWAN CREEK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2008

d) Three Year Trend Information

<i>Fiscal year ended March 31,</i>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Annual pension cost	\$ 15,697	\$ 12,687	\$ 13,476
Percentage of APC contributed	100%	100%	100%
Net pension obligation	-	-	-

Post Employment Benefits:

The Township has no post employment benefits other than the pension plan described above.

NOTE 10: FUND EQUITY

Specific reservations of fund equity include:

Reserved for prepaid expenditures – This reserve was created to indicate that the portion of fund balance represented by prepaid expenditures is not available for appropriation.

REQUIRED SUPPLEMENTAL INFORMATION

SWAN CREEK TOWNSHIP

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

Year Ended March 31, 2008

	<i>Budgeted Amounts</i>			<i>Actual</i>
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Over (Under)</i>
				<i>Final Budget</i>
Revenues:				
Property taxes	\$ 206,690	\$ 206,690	\$ 218,734	\$ 12,044
Licenses and permits	11,810	11,810	35,921	24,111
State grants	158,600	158,600	170,788	12,188
Contributions from other units	1,000	1,000	1,842	842
Charges for services	3,540	3,540	3,364	(176)
Fines and forfeits	-	-	36	36
Interest and rents	10,700	10,700	38,816	28,116
Other revenue	3,300	3,300	16,038	12,738
Total revenues	395,640	395,640	485,539	89,899
Expenditures:				
Current				
General government	252,131	252,031	213,531	(38,500)
Public safety	135,625	143,186	143,150	(36)
Public works	80,790	80,790	79,823	(967)
Community and economic development	9,625	9,625	4,736	(4,889)
Recreation	28,250	28,250	23,690	(4,560)
Capital outlay	267,100	267,100	112,686	(154,414)
Total expenditures	773,521	780,982	577,616	(203,366)
Excess (deficiency) of revenues over expenditures	(377,881)	(385,342)	(92,077)	293,265
Other financing sources (uses):				
Transfers in	-	50,000	50,000	-
Net change in fund balance	(377,881)	(335,342)	(42,077)	293,265
Fund balance, beginning of year	821,697	821,697	821,697	-
Fund balance, end of year	\$ 443,816	\$ 486,355	\$ 779,620	\$ 293,265

SWAN CREEK TOWNSHIP

SPECIAL REVENUE FUND – REFUSE FUND

BUDGETARY COMPARISON SCHEDULE

Year Ended March 31, 2008

	<i>Budgeted Amounts</i>			<i>Actual Over (Under) Final Budget</i>
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	
Revenues:				
Charges for services	\$ 85,770	\$ 85,770	\$ 62,010	\$ (23,760)
Interest and rents	3,500	3,500	8,095	4,595
Total revenues	89,270	89,270	70,105	(19,165)
Expenditures:				
Current				
Public works	89,205	89,205	83,479	(5,726)
Total expenditures	89,205	89,205	83,479	(5,726)
Excess (deficiency) of revenues over expenditures	65	65	(13,374)	(13,439)
Other financing sources:				
Transfers out	-	(50,000)	(50,000)	-
Net change in fund balance	65	(49,935)	(63,374)	(13,439)
Fund balance, beginning of year	221,781	221,781	221,781	-
Fund balance, end of year	<u>\$ 221,846</u>	<u>\$ 171,846</u>	<u>\$ 158,407</u>	<u>\$ (13,439)</u>

SWAN CREEK TOWNSHIP

PENSION SYSTEM SCHEDULE OF FUNDING PROGRESS

March 31, 2008

The schedule of funding progress of the Swan Creek Township Defined Benefit Pension Plan, administered by the Michigan Municipal Employee Retirement System, is as follows:

<i><u>Actuarial Valuation Date</u></i>	<i><u>12/31/07</u></i>	<i><u>12/31/06</u></i>	<i><u>12/31/05</u></i>
Actuarial Value of Assets	\$ 338,909	\$ 301,593	\$ 264,406
Actuarial Accrued Liability (AAL)	510,507	458,264	428,944
Unfunded AAL (UAAL)	171,598	156,671	164,538
Funded Ratio	66%	66%	62%
Covered Payroll	146,099	117,632	116,993
UAAL as a percentage of covered payroll	117%	133%	141%

OTHER SUPPLEMENTAL INFORMATION

SWAN CREEK TOWNSHIP

GENERAL FUND

DETAILED STATEMENT OF REVENUES

Year Ended March 31, 2008

REVENUES:

Current Taxes:

Property taxes	\$ 194,651
Penalties and interest on taxes	1,576
Administration fees	22,467
Payment in lieu of taxes	40
	<u>218,734</u>

Licenses and permits:

Business licenses and permits	390
Nonbusiness licenses and permits	15,575
CATV franchise fees	19,956
	<u>35,921</u>

State Grants:

Liquor license fees	1,128
State revenue sharing - sales tax	161,912
Metro Act	4,145
Summer property tax collection reimbursement	3,603
	<u>170,788</u>

Contribution from other units:

Contributions from school districts	<u>1,842</u>
-------------------------------------	--------------

Charges for services:

Zoning/Variance/Appeals fees	1,800
Other	564
Charges to other funds	1,000
	<u>3,364</u>

Fines and forfeits:

Ordinance fines	<u>36</u>
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Interest and rents:

Interest	38,066
Rents	750
	<u>38,816</u>

Other Revenue:

Cemetery lots	800
Contributions and donations	1,850
Reimbursements	13,271
Other	117
	<u>16,038</u>

Total revenues	<u>\$ 485,539</u>
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SWAN CREEK TOWNSHIP

GENERAL FUND

DETAILED STATEMENT OF EXPENDITURES

For the Year Ended March 31, 2008

EXPENDITURES:

General Government:

Board:

Personnel	\$ 3,857
Fringe benefits	457
	<hr/> 4,314

Supervisor:

Personnel	13,769
Fringe benefits	2,517
	<hr/> 16,286

Office Administration and Accounting:

Personnel	46,598
Fringe benefits	8,731
Supplies	2,208
Contracted services	2,669
Telephone	5,134
Mileage	1,211
Dues and memberships	1,621
Education and training	36
Printing and publications	863
Insurance	10,865
Utilities	5,375
	<hr/> 85,311

Clerk:

Personnel	13,769
Fringe benefits	2,598
Mileage	220
Dues and memberships	25
Education and training	54
	<hr/> 16,666

Audit:

Contracted services	<hr/> 2,350
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Board of Review:

Personnel	676
Fringe benefits	48
Mileage	15
Printing and publications	137
	<hr/> 876

SWAN CREEK TOWNSHIP

GENERAL FUND

DETAILED STATEMENT OF EXPENDITURES, CONTINUED

For the Year Ended March 31, 2008

General Government, continued:

Treasurer:

Personnel	24,653
Fringe benefits	4,646
Supplies	6,073
Contracted services	615
Mileage	316
Dues and memberships	55
Education and training	83
Printing and publications	49
	<hr/>
	36,490

Assessor:

Contracted services	<hr/>
	9,875

Elections:

Personnel	1,432
Fringe benefits	270
Supplies	253
Contracted services	2,307
Mileage	35
Printing and publications	105
	<hr/>
	4,402

Hall and Grounds:

Personnel	6,932
Fringe benefits	565
Supplies	863
Contracted services	908
Mileage	90
Utilities	102
Repairs and maintenance	13,428
	<hr/>
	22,888

Attorney:

Contracted services	<hr/>
	5,730

Cemetery:

Personnel	5,697
Fringe benefits	437
Supplies	1,339
Contracted services	83
Printing and publications	66
Repairs and maintenance	721
	<hr/>
	8,343

Total general government	<hr/>
	213,531

SWAN CREEK TOWNSHIP

GENERAL FUND

DETAILED STATEMENT OF EXPENDITURES, CONTINUED

For the Year Ended March 31, 2008

Public Safety:

Liquor Law Enforcement:

Personnel	1,128
Fringe benefits	213
	<hr/>
	1,341

Fire:

Contracted services	117,168
	<hr/>
	117,168

Building Inspection Department:

Personnel	20,966
Fringe benefits	2,718
Supplies	545
Telephone	147
Mileage	85
Dues and memberships	103
Education and training	77
	<hr/>
	24,641

Total public safety	<hr/>
	143,150

Public Works:

Roads:

Contracted services	75,069
Printing and publishing	55
	<hr/>
	75,124

Drains - Public Benefit:

Personnel	225
Fringe benefits	21
Mileage	221
	<hr/>
	567

Street Lights:

Utilities	4,132
	<hr/>
Total public works	79,823

SWAN CREEK TOWNSHIP

GENERAL FUND

DETAILED STATEMENT OF EXPENDITURES, CONTINUED

For the Year Ended March 31, 2008

Community and Economic Development:

Planning Commission

Personnel	2,435
Fringe benefits	252
Supplies	205
Contracted services	1,543
Printing and publications	301
	<u>4,736</u>
Total community and public development	<u>4,736</u>

Recreation:

Parks and Recreation:

Personnel	12,698
Fringe benefits	993
Supplies	4,552
Contracted services	2,775
Printing and publications	17
Utilities	426
Repairs and maintenance	1,964
Equipment rental	265
Total recreation	<u>23,690</u>

Capital Outlay:

General government	<u>112,686</u>
Total expenditures	<u>\$ 577,616</u>

SWAN CREEK TOWNSHIP

FIDUCIARY FUND – AGENCY FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the Year Ended March 31, 2008

	<i>April 1, 2006</i>	<i>Additions</i>	<i>Deductions</i>	<i>March 31, 2007</i>
<u>CURRENT TAX COLLECTION</u>				
Assets:				
Cash and cash equivalents	<u>\$ 837</u>	<u>\$ 2,328,535</u>	<u>\$ 2,329,372</u>	<u>\$ -</u>
Liabilities:				
Undistributed property tax collections	<u>\$ 837</u>	<u>\$ 2,328,535</u>	<u>\$ 2,329,372</u>	<u>\$ -</u>

SWAN CREEK TOWNSHIP

BUSINESS-TYPE ACTIVITIES

SCHEDULE OF INDEBTEDNESS

March 31, 2008

1996 CONTRACT PAYABLE - WATER EXTENSION # 15

Issue dated 6/01/96 in the amount of \$ 280,000

Less: Principal paid in prior years (180,000)
Principal paid in current year (20,000)

Balance payable at March 31, 2008 \$ 80,000

Balance payable as follows:

<u>Year Ended</u>	<u>Rate</u>	<u>Interest Due</u>		<u>Principal Due</u>	<u>Total Annual Requirement</u>
		<u>6/1</u>	<u>12/1</u>	<u>6/1</u>	
2009	5.50%	\$ 2,255	\$ 1,705	\$ 20,000	\$ 23,960
2010	5.60%	1,705	1,145	20,000	22,850
2011	5.70%	1,145	575	20,000	21,720
2012	5.75%	<u>575</u>	<u>-</u>	<u>20,000</u>	<u>20,575</u>
		<u>\$ 5,680</u>	<u>\$ 3,425</u>	<u>\$ 80,000</u>	<u>\$ 89,105</u>



REQUIRED COMMUNICATION TO SWAN CREEK TOWNSHIP IN ACCORDANCE WITH PROFESSIONAL STANDARDS

To the Township Board
Swan Creek Township

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Swan Creek Township for the year ended March 31, 2008, and have issued our report thereon dated June 6, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated October 19, 2007, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Swan Creek Township are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no sensitive estimates affecting the financial statements.

Disclosures

The disclosures in the financial statements appear to be neutral, consistent, and clear. Certain financial statement disclosures may be particularly sensitive because of their significance to financial statement users.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements, if any.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 6, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Discussions with Management

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Internal Control Matters

In planning and performing our audit of the financial statements of Swan Creek Township as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered Swan Creek Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control. Accordingly, we do not express an opinion on the effectiveness of the Municipality's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Municipality's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that misstatement of the Municipality's financial statements that is more than inconsequential will not be prevented or detected by the Municipality's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Municipality's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined above.

Deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above, follow:

Recording, Processing and Summarizing Accounting Data

Criteria: All governmental units are required to have in place internal controls over recording, processing, summarizing accounting data and preparing financial statements. SAS No. 112 requires us to communicate with you about this.

Conditions: As is the case with many smaller and medium-sized entities, the government has historically relied on its independent external auditors to assist in the recording, processing, summarizing accounting data and preparing financial statements as part of its external financial reporting process. Accordingly, the government has placed reliance on its external auditors, who cannot by definition be considered a part of the government's internal controls.

Cause: This condition was caused by the government's decision that it is more cost effective to have external auditors recommend the necessary adjusting journal entries to its general ledger and prepare the financial statements than to incur the time and expense for the government to perform these tasks internally.

Effect: As a result of this condition, the government lacks internal controls over the recording, processing, summarizing accounting data and preparing financial statements, and instead relied, in part, on its external auditors for assistance with this task.

View of Responsible Officials: The government has evaluated the cost versus benefit of establishing internal controls over the recording, processing, summarizing accounting data and preparing financial statements, and determined that it is in the best interests of the government to rely on its external auditors to recommend the necessary adjustments and preparation of the financial statements.

This communication is intended solely for the information and use of management, Board, and others within the Municipality, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Berthiaume & Co.

Berthiaume & Company
Certified Public Accountants

Saginaw, Michigan
June 6, 2008